

Glossary of Terms

Unless stated otherwise in this manual, the terms detailed apply to all loan products in the Prime Programme

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| Application Fee: | The amount payable by the borrower for obtaining a loan. This fee usually includes the first valuation fee. |
| Borrowers Rate: | The interest rate applicable to the borrowers loan. |
| Business Loan: | Purpose of loan is predominantly for business use (greater than 50%) and is therefore, non regulated. |
| Confirmation of Approval: | An advice sent to the originator on formal approval of the loan. It contains all the details of approval and should be checked for accuracy, signed as being correct and returned to RESIMAC Limited within two working days. |
| Core Rate: | Referred in the formal loan agreement as “the Core Rate”. All interest rate adjustments or movements are referenced to the core rate. |
| Delivery Rate: | The interest rate at which funds are delivered to the originator by RESIMAC to which the originator’s margin is added. |
| Deferred Establishment Fee: | It is assumed that the loan will repay in accordance with the scheduled repayments detailed in the loan agreement. To protect RESIMAC Limited from loss caused by the early discharge of a loan, all loan agreements contain a deferred establishment fee clause which becomes payable in the event of early termination of the loan. |
| Fees & Charges: | Fees and charges applicable to the loan account. |
| FHOG: | First Home Owners Grant. |
| GST: | Goods and Services Tax. |
| Incentive Fee: | The amount nominated by the originator as an advance against future margin income. The incentive fee is payable only on settlement of a loan and is calculated on the amount of the loan. |
| Introductory Period: | The term that an introductory rate applies to the Intro Rate Loan. |
| Intro Rate: | The interest rate payable during the introductory term, usually discounted and applicable to the Intro Rate Loan. |
| Investment Loan: | Purpose of loan is predominantly for investment property (greater than 50%). |
| Legal Fees or Costs: | The legal costs or title insurance associated with the documentation and settlement of a loan. |
| LMI: | Lenders Mortgage Insurance. All loans must carry LMI that includes two years Cash Flow Cover. LMI protects the lender against loss; it does not protect the borrower(s). |
| LMI Premium: | The amount payable for LMI. |
| Line of Credit: | An interest only portion that can be re drawn within the approved credit limit at any time. The monthly repayment is calculated on the amount outstanding from time to time. |
| LVR: | The Loan to Value Ratio is calculated by dividing the loan amount by the security/securities value (e.g. Loan Amount \$240,000; Security Value \$300,000; LVR = 80.00%) |
| NSR: | The Net Serviceability Requirement calculation is the net income after tax less living expenses of all borrowers and guarantors, divided by the amount of the total financial commitments including the new loan repayment. The desired minimum NSR is 1.00 times. |
| Originator's Margin | The interest margin added to the delivery rate. Minimum 0.20% and up to a maximum 1.00%. Unless otherwise agreed. |
| Owner Occupied | Purpose of loan is predominantly for the purchase or refinance of owner occupied property (greater than 50%). Regulated. |
| P & I: | Principal and Interest Repayments. Variable Interest Rate. |
| Portions: | Loans may be split into multiple portions. Each portion may have a different interest rate, purpose or repayment option. The maximum number of portions, in a standard loan, is 8, inclusive of a LOC portion. |
| RCTI: | Recipient Created Tax Invoice. |
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| Sacrifice Fee: | The interest margin sacrificed by the originator to repay the incentive fee paid by RESIMAC. |
| Security Exceptions: | Certain security types or the condition of a security property may not be acceptable for the Prime Programme. |
| Security Type: | First registered mortgage given by a borrower(s) or guarantor(s) over residential property. |
| Security Value: | The security value is confirmed by formal valuation. In the event that the formal valuation amount is different to the contract amount (property purchase) then the lesser amount is used to calculate the LVR. |
| Split Loans: | Splits are referred to as portions. |
| Trail: | The monthly income payable by RESIMAC Limited to the originator is paid on the loan originator’s monthly average outstanding loan portfolio balance. |
| NCC: | National Credit Code. |
| Valuation: | A formal, written, valuation report provided by a licensed valuer as determined by RESIMAC Limited. |